

EXECUTIVE SUMMARY

With the enactment of House Resolution 63, the General Assembly created a Committee to consider whether the renewal of sports wagering by the Delaware Lottery will help Delaware preserve the current revenue generated by the Video Lottery – now, at \$181 Million, Delaware’s third largest source of revenue. Those revenues, as well as the \$250 Million of new investment at the three racetracks, the 3,000 jobs at those racetracks and the increased vitality of Delaware’s horse racing industry are at risk because of proposals to replicate the Video Lottery in Pennsylvania and Maryland. Over 70% of the revenue generated by the Video Lottery comes from non-residents, many of whom are from those two neighboring states.

The Video Lottery, authorized by the Horse Racing Redevelopment Act in 1994, has served Delaware well. In addition to the significant revenues for the General Fund, the horse racing industry has been revitalized. In the last fiscal year, more than \$62 Million was contributed to racing purses. With that kind of growth incentive, the racing industry spends more than \$120 Million per year. In a short ten years, the Video Lottery has saved the horse racing industry – just as the General Assembly intended.

While the renewal of sports betting by the Delaware Lottery raises a host of issues, current federal law offers Delaware an opportunity shared by no state east of Montana. In order to examine this unique opportunity to see whether the Video Lottery could be protected by making the games available at Delaware’s three facilities more attractive to bettors, the Committee held several meetings and received comment ranging from support from Delaware’s current facilities and others to concerns raised by professional sports leagues and a Delaware group formed to oppose the renewal of sports betting within the Delaware Lottery.

In particular, the Committee considered: 1) legal issues raised by the proposed renewal of sports betting in Delaware (pp. 6,7); 2) a set of operational features that might define the type of sports betting game under consideration (pp. 8,9); 3) fiscal projections for the renewal of sports betting as well as the likely incremental effect for the Video Lottery (pp. 10,11); and 4) the concerns about the potential for increased problems with addictive gambling (pp. 12).

Regarding State and federal legal issues associated with the renewal of sports betting by the Delaware Lottery, the Committee received legal memoranda from special counsel to Delaware’s video lottery agents as well as counsel to the National Football League. The authors of the latter memoranda did not address any federal legal issues, preferring to wait until the specifics of any renewed sports betting became clearer. Special counsel to Delaware’s video lottery agents confirms that the applicable federal law was intended to preserve the opportunity for Delaware to renew its sports betting game conducted in 1976 (“Scorecard”) and to involve sports other than professional football. The two sets of counsel disagree about whether the renewal of sports betting by the Delaware Lottery is permitted under Delaware’s Constitution. The NFL’s counsel makes an argument similar to those made unsuccessfully by the NFL when it sued to halt the Delaware Lottery’s “Scorecard” game in 1976. The Committee recommends that the General Assembly and interested readers review each of the legal memoranda, copies of

which are attached to this Report. The Committee was not surprised to find lawyers disagreeing about the underlying legal issues and believes that the General Assembly should review the policy implications of a renewal of sports betting with the knowledge that a legal challenge to any renewed game is certainly possible.

Operationally, the Committee presumed that any renewed sports betting game would share important characteristics of the Video Lottery, namely, complete operational control by the Delaware Lottery, and approximately the same division of revenues and expenses. In addition, any renewed sports betting game would include the retention of consultants to help manage risk of loss, and would feature games structured to avoid what all counsel agreed would be prohibited – “head-to-head” betting on single events.

Based upon estimates furnished by sports betting industry sources, the Committee observed that the potential General Fund revenues from renewed sports betting (approx. \$4 Million) could be more than doubled by the additional Video Lottery volume attracted to the three facilities by the sports betting games (approx. \$9 Million).

The Committee also considered the issue of sports wagering and problem gambling. However, research on the connection between sports betting and problem gambling is almost non-existent. The Committee is aware of one study indicating that sports gamblers may fall into a somewhat higher risk group for subsequent problems than gamblers on traditional ticket lotteries, but they are at less risk than gamblers on slot machines.

Based upon the work done by the committee, the majority of the members present at the May 22nd meeting have concluded sports’ gaming is feasible in the state of Delaware and are forwarding this finding to the members of the General Assembly for consideration.

The majority of the members present at the May 22nd meeting have also recognized that a sports’ betting games should be limited to adults, age 21 and over.

I. HOUSE RESOLUTION 63, THE FORMATION OF THE COMMITTEE AND ITS PURPOSE.

On June 26, 2002, the Delaware House of Representatives enacted House Resolution 63 (Exhibit A), thereby creating “a Committee to study the feasibility of instituting sports gaming activities at existing gaming venues in Delaware.” *Synopsis, HR 63*. Originally directed to report to the House no later than January 15, 2003, the Committee’s deadline has been extended to May 30, 2003.

The sponsors of HR 63 recognized a considerable challenge facing all those who benefit from the Video Lottery currently conducted by the State of Delaware at three racetracks. Authorized by the Horse Racing Redevelopment Act in 1994, the Video Lottery had two major objectives: to revitalize Delaware’s ailing horse racing industry and to raise money for the State’s General Fund.

With General Fund Revenues of \$181 Million per year,¹ or nearly 10% of Delaware’s annual budget, the Video Lottery is Delaware’s third largest source of revenue, trailing only the personal income and corporate franchise taxes. Importantly, over 70% of those State revenues are generated from residents of other States, principally Maryland and Pennsylvania. Thus, the Video Lottery has the beneficial feature of bringing economic activity in from out of State and generating approximately \$ 127 Million in General Fund revenues from non-residents.

The renewed vitality of the horse racing industry is equally apparent – in the last fiscal year, over \$62 Million was contributed to harness and thoroughbred racing purses. Farmers and other horsemen who were considering abandoning this traditional Delaware pastime only a decade ago are now able to prosper financially. That prosperity has, in turn, contributed to Delaware’s economy. A study performed by the U. S. and Delaware Departments of Agriculture reports that, in 1999, the combined spending of horse racing tracks and licensed horse owners exceeded \$120 Million. See 1999 Delaware Horse Racing Economic Impact Study (Exhibit B).

While Delaware’s Video Lottery is a State game, it depends heavily on the investment in capital – both human and “bricks and mortar” – by the three racetrack agents. The three Delaware facilities report capital improvements associated with Video Lottery of approximately \$250 Million – a considerable investment now threatened by neighboring states. Turning to human capital, more than 3,000 Delaware taxpayers are currently employed by the three agents in jobs related to – and depending on the vitality of – the Video Lottery.

In sum, the Horse Racing Redevelopment Act has worked well for Delaware. However, the investment, jobs and revenues generated by it are at risk. Delaware has three neighboring states, Pennsylvania, Maryland and New Jersey – the latter already has a major gaming center in Atlantic City. Impressed with the orderliness, efficiency and

¹ Current DEFAC figures project the Video Lottery will generate \$181,00,000 of revenue to the General Fund in FY 2003.

fiscal impact of the Video Lottery, both Pennsylvania and Maryland are currently considering replicating it, thus threatening to reduce dramatically the out of state patronage currently enjoyed by the Video Lottery.

These factors raise the question: how can this investment, jobs and revenue be protected by making Delaware's Video Lottery more attractive to those out-of-state patrons? HR 63 was enacted to study one such proposal: *the renewal of sports betting*. While the expansion of the Delaware Lottery² to include sports betting raises a host of issues dealt with later in this Report, one important observation can be made about the prospect of State-run sports betting – no other state east of Montana has the opportunity to consider such games for its revenue raising purposes. Under federal law enacted in 1992, only four states (Oregon, Nevada, Montana and Delaware) – each for historic reasons – have the opportunity to include sports betting in their state-run games. Of those states, only Oregon currently offers sports wagers as part of its lottery. Thus, the renewal of sports betting in Delaware could add an attraction to the current Video Lottery not possible in Pennsylvania or Maryland.

While this Report will discuss the potential financial impacts associated with sports wagering, it is important to note, as pointed out in HR 63, that the principle objective would be to protect the current Video Lottery and the stream of out of state revenue currently enjoyed by Delaware. Thus, this Report will examine, not only the estimated revenues from sports betting, but also the potential of sports betting to protect the current investment.

The Committee³ first met on October 30, 2002 and has met six times since. Meetings were well attended by members, media and interested members of the public. Other than legal memoranda, discussed separately, submissions to the Committee included:

- Statement of Jay Moyer, Special Counsel to the National Football League, December 18, 2002 (Exhibit C)
- Statement of Major League Baseball, The National Basketball Association, The National Football League and The National Hockey League Opposing State-Sponsored Sports Gambling in Delaware, December 18, 2002 (Exhibit D)
- Letter from former University of Delaware quarterback and now National Football League Player, Rich Gannon, dated March 21, 2003, to Governor Ruth Ann Minner “urging state leaders to oppose such sports gambling legislation” (Exhibit E)

² The offering of wagers on sporting events would be the renewal of a short-lived game authorized and operated by the Delaware Lottery in 1976. See page 6.

³ The members of the Committee are David W. Singleton, Salvatore DiMario, William Fasy, Denis McGlynn, Jim Boese, Elizabeth Pertzoff, William Oberle, Helene Keeley, Robert Kinsey and Joe Petrilli.

- Statement of Greg Smith, Executive Director of the Alliance Against Sports Gambling in Delaware, April 15, 2003. Mr. Smith's Statement includes the results of a poll conducted by Public Opinion Strategies, LLC of Alexandria, Virginia (Exhibit F)
- Letter from David H. Remes, Counsel to the National Football League, to Secretary David Singleton on the potential financial impact of instituting sports' gaming in Delaware (Exhibit J)
- Letter from Joseph P. Connor, Jr., representing his "personal opposition to any bill that is designed to legalize gambling on sports in Delaware." (Exhibit K)
- Statement of Greg Smith, Executive Director of the Alliance Against Sports Gambling in Delaware, May 22, 2003. Mr. Smith's Statement discusses revenue projections, increasing gambling problems and integrity of team sports. (Exhibit L)

The Committee has focused on four topics for its Report:

1. Are there limitations or prohibitions imposed by either federal or State law on the renewal of sports wagering by the Delaware Lottery?
2. What might be the structure of renewed sports wagering as a part of the Delaware Lottery?
3. What financial and employment impacts might Delaware expect from the renewal of sports betting within the Delaware Lottery?
4. Might there be potential negative impacts of such an addition to the Delaware Lottery, particularly in terms of problem gambling behavior and associated social costs?

Each of those topics will be treated separately below.

II. LEGAL ISSUES RAISED BY THE PROPOSED RENEWAL OF SPORTS BETTING WITHIN THE DELAWARE LOTTERY.

Both federal and State law have provisions restricting gambling. The Committee has received two memoranda from Klett Rooney Lieber & Schorling, special counsel to Delaware's three video lottery agents, dated November 19, 2002 and May 5, 2003 respectively (the "KRLS Memoranda," Exhibits G and I) as well as an April 29, 2003 memorandum from Covington & Burling, counsel to the National Football League (the "NFL Memorandum," Exhibit H).

A. Federal Law – The Professional and Amateur Sports Protection Act ("PASPA"), 28 U.S.C. §§ 3701 – 3704.

PASPA was enacted in 1992 and prohibits any new form of sports betting by any state, governmental entity or other person. However, Congress was mindful of those states that had already conducted such betting games. Thus, PASPA contains certain exclusions from its prohibitory reach, among which is "a lottery, sweepstakes, or other betting, gambling, or wagering scheme in operation in a State . . . to the extent that the scheme was conducted by that State . . . at any time during the period beginning January 1, 1976 and ending August 31, 1990." *PASPA*, § 3704(a)(1).

In 1976, the Delaware Lottery conducted a professional football betting game, known as "*Scorecard*."⁴ It was this game that caused Congress to exclude Delaware from PASPA's general prohibition against sports betting. Thus, PASPA clearly preserves *some* sports betting opportunity for Delaware – the question is what kind of games may be conducted under PASPA. The authors of the NFL Memorandum declined to address "the extent of PASPA's limits on Delaware's ability to offer sports lottery games. If and when any new sports lottery games are recommended, the League will assess those particular games in light of PASPA's prohibition as qualified by § 3704(a)(1)." *NFL Memorandum*, p. 25, n. 12. The KRLS Memorandum concludes that such a game may include sports other than football; that those states with sports lotteries (Delaware and Oregon) have some degree of flexibility in shaping their sports wagering games but that "head-to-head" betting may not be a part of those games.

B. Delaware Law.

Article II, Section 17 of the Delaware Constitution of 1897 provides:

All forms of gambling are prohibited in the State except the following:

- (a) Lotteries under State control for the purpose of raising funds,
- (b) Wagering or betting on races within the enclosure of any race meeting licensed and conducted under the laws of this State by the use of pari-mutuel machines or totalizators,
- (c) Bingo games as conducted under the limitations of Section 17A.

⁴ The KRLS Memorandum describes the details of *Scorecard*. See *Exhibit G, KRLS Memorandum at pp. 3-4*

The primary question raised by the proposed renewal of sports betting as part of the Delaware Lottery is whether such a game would constitute a “lotter[y] under State control for the purpose of raising funds.” While that issue may be debated regarding any *future* version of a sports betting game, that question regarding *Scorecard* was answered in 1977 by the United States District Court for the District of Delaware. In 1976, the NFL brought suit to enjoin *Scorecard*, claiming that the game violated certain proprietary rights belonging to the League and its teams and that it violated the Delaware Constitution. The NFL’s suit was unsuccessful and is discussed in the KRLS Memorandum, Exhibit G. Chiefly for that reason, the KRLS Memorandum concludes that a renewal of a sports betting game by the Delaware Lottery would, likewise, be found compliant with Article II, Section 17 of the Delaware Constitution.

The NFL, however, continues to assert that such a game would violate Article II, Section 17. The NFL Memorandum, Exhibit H, discusses a 1978 advisory opinion rendered by three members of the Delaware Supreme Court at the request of then-Governor duPont regarding legislation that would have permitted jai-alai in Delaware. Based primarily on that decision, the NFL Memorandum asserts that a sports betting game conducted by the Delaware Lottery would not be constitutional. A summary rejoinder by KRLS to the NFL Memorandum appears as Exhibit I.

The Committee is neither surprised by the variety of legal opinion regarding the permissibility of sports betting in Delaware nor inclined to attempt a determination about which opinion is “correct.” Instead, the Committee believes that the General Assembly should assume there may be a legal challenge to any renewal of sports betting within the Delaware Lottery, just as there was in 1976.

III. A PROPOSED STRUCTURE FOR RENEWED SPORTS BETTING WITHIN THE DELAWARE LOTTERY.

In considering the details of a proposed sports betting game conducted by the Delaware Lottery, the Committee begins with a few general thoughts – first, the current structure for the Video Lottery has worked relatively well; and, finally, while there are a host of alternative structures for a sports betting game, Legislative consideration of this matter will be aided by some detail. Therefore, without endorsement of *any* particular form or structure, the Committee offers the following features for the sake of discussion.

- For both legal reasons and to ensure the orderly administration of sports betting, any such game should be controlled by the Delaware Lottery, just as is the case with Video Lottery.
- The Delaware Lottery's central control facility will house sports betting computer hardware and software. Physical control of the hardware, access to the software and all sports betting security matters will be exclusively controlled by the Delaware Lottery.
- Vendors for such hardware and software will be selected based on responses to a request for proposal ("RFP") promulgated by the Delaware Lottery.
- As evidenced by Delaware's experience with *Scorecard* in 1976, rather than manage the game internally, the State should retain experts to assist Delaware Lottery officials in conducting the game and, in particular, to perform the critical risk management task of setting and, more importantly, moving lines or point spreads. For example, Oregon has retained a consulting firm, which, in addition to setting non-moving lines for the Oregon games, establishes odds and point spreads for about 75% of the licensed sports books in Las Vegas.
- While the risk of loss encountered in operating sports betting should approach zero over time, the video lottery agents should hold the State harmless against even the minimal risk of loss resulting from each rolling 12 month period of operations.
- The sports betting game will be conducted exclusively at the three current locations of the Video Lottery game and the State will have the same agency relationship with those facilities as currently exists. This feature of the game will promote security and also serve the primary objective for consideration of sports betting – *i.e.* to protect the State's investment in the Video Lottery game. Alterations to current facilities will be designed and built after review and approval by the Delaware Lottery.

- Each video lottery facility will house betting terminals (“dumb” terminals) which will be on-line on a real-time basis with the central computer housed at the Delaware Lottery headquarters.
- Lines or point spreads will be set centrally by the Delaware Lottery, presumably with the assistance of risk management professionals. Lines will be maintained with the objective of neutralizing any risk encountered by receiving bets.
- In order to reduce skill so that it is a non-determining factor, the following features will be part of the game: (a) there will be no single contest, or head-to-head, bets; and (b) each bet will include more than one sports event or more than one aspect of a single contest. For example, if one contest is the subject of the bet (there is only one game on Superbowl Sunday), then the bet would be a combination of spread-adjusted outcome *and*, say, a bet on the total number of points scored in the game, known as the “over-and-under” bet.
- Unlike the Delaware game operated in 1976 and unlike the game currently operated in Oregon, the line will be adjusted periodically as the contest approaches, thus enabling the Delaware Lottery to neutralize risk and increase wagering.
- Wagers would be offered on all major professional and collegiate athletic events (no wagering on high school events), with the exception of any event in which a Delaware college or university is a participant.
- As is the case with the Video Lottery, specific features of a sports betting game would be set by regulations promulgated by the Delaware Lottery.
- Revenues would be apportioned among the State, its agents, horsemen (including the Delaware Standardbred Breeders’ Fund) and those assisting with problem gambling in the same proportions as are currently used with respect to the Video Lottery.
- The administrative costs (hardware, software and consulting agreements) would be borne by the Delaware Lottery and the video lottery agents in proportions to be determined once all costs are identified.
- The Committee estimates that the renewal of sports wagering could be implemented by the Delaware Lottery within 6 months of legislative authorization.

IV. FINANCIAL PROJECTIONS.

A host of factors render the attempt to project the financial performance of a sports betting game within the Delaware Lottery very difficult. First, while the novelty of any such game east of Las Vegas is an advantage for Delaware, it also compounds the difficulty of financial projections. Next, the number of bettors in Delaware may be dramatically affected by video lottery commencement in Pennsylvania and Maryland. Finally, making projections for the Delaware Lottery using Las Vegas data is problematic given the fact that any Delaware game could not include “head-to-head” betting. Projections based on Oregon’s experience are also difficult because of the differing structure of Oregon’s game and the one proposed in Delaware. Nevertheless, the General Assembly’s consideration of this issue requires that estimates, erring on the conservative side, be prepared by the Committee. With that in mind, the Committee offers the following financial analysis:

As Schedule 1 indicates, the analysis begins with an understanding of the financial performance of sports betting in Nevada, including the larger casinos in Las Vegas. According to publicly available information collated on Schedule 1, the “average” sports book in a larger Las Vegas casino handles \$49.5 Million in wagers per year and, by “holding” 4.58% of that handle, achieves a “win” of \$2.3 Million.

The Committee has received guidance on how to translate data from Las Vegas into projections regarding the performance of sports betting in Delaware. Attached as Exhibit J is the January 14, 2003 letter from Michael Knapp of Surfside Race Place and Leonard Del Genio of International Race and Sports, Inc., experts with a combined total of more than 60 years experience with sports gaming. Messrs. Knapp and Del Genio report that it would be reasonable to project that a renewed sports betting game within the Delaware Lottery would generate a handle similar to three larger Las Vegas casinos – or approx. \$150 Million. They also recommend that the approximately 5% “hold” experience in Las Vegas would be increased by 50% in Delaware’s case, such that a “hold” of 7.5% should be anticipated. Finally, while Messrs. Knapp and Del Genio estimate that “a conservative growth projection to existing slot play with the addition of a Sports Lottery could be approximately 10%,” the Committee feels more comfortable using 5% to estimate the incremental increase to Video Lottery play caused by sports betting.

Schedule 2 reflects the distribution of the “win” held by a Las Vegas casino from sports wagering. While shares to the state and net profit to the casino are irrelevant here in Delaware, the portion going to defray expenses of the game (42.3%) has been assumed to apply in Delaware. With that in mind, Schedule 3 has been created to project facility and Statewide results of sports betting. The \$150 Million in assumed handle has been distributed among the three facilities according to their current proportionate share of Video Lottery handle. A “hold” of 7.5% has been assumed. As Schedule 3 indicates, under these assumptions, the General Fund would realize \$4.03 Million (with 1% to be set aside for problem gambling); horsemen’s purses would be supplemented by \$1.24 Million and, after operating expenses of \$4.76 Million have been met, the agents would receive \$1.23 Million.

Schedule 4 projects the additional Video Lottery handle resulting from the attraction of sports bettors to the three Video Lottery facilities. Once again, taking ½ of the 10% estimated by Messrs. Knapp and Del Genio, a 5% increase in Video Lottery revenues would be \$25.13 Million, resulting in increases of \$8.98 Million to the General Fund; \$2.79 Million to horsemen's purses and, after operating expenses and payments to vendors, \$5.24 to the agents. The Committee found it interesting to note that the incremental revenues from the Video Lottery caused by sports betting might be as much as double the revenues from the sports game itself.

The combination of sports betting revenues and the incremental Video Lottery revenues are reflected on Schedule 5: \$13.01 Million to the General Fund; \$4.03 Million to horsemen's purses and, after payment of expenses, \$6.47 Million to the video lottery agents. These projections are being made using the Las Vegas model.

As described on the website for the Oregon lottery, Oregon's games is structured as follows:

"Oregon Lottery Sports Action is a lottery game based on the outcome of sporting Events. Beginning each Wednesday, the Lottery shall make available an Official Program, which lists the Events for that Play Week. Each week's Official Program shall contain at least 8 Events. The Official Program shall include the names of the "Favorite" and "Underdog" and the official Point Spread for each Game for purposes of Sports Action. The Point Spread is applied to the Underdog score to determine the outcome of a Game. The Lottery's Point Spread appearing on the Official Program is the only point spread applicable to Sports Action..." "A player required to select the correct outcome of at least three Events from a minimum of 8 and a maximum of 30 Events listed each week. The Director reserves the right to determine which Special Plays shall be listed in the Official Program and whether to apply a Point Spread to any or all listed Special Plays. The Director reserves the right to determine which Special Plays shall be listed on the Official Program." State controlled games in the State of Oregon, which are structured differently from that proposed for Delaware, have netted \$2.3 million to Oregon's General Fund.

It is important to note that these projections have ignored the negative impacts of video lottery competition in Pennsylvania and Maryland. Because 70% of Video Lottery patrons come from out of state, the Committee expects the downward pressure on Video Lottery revenues to be quite dramatic. Beyond that, however, it is very difficult to quantify the size of the competitive threat posed by Pennsylvania and Maryland.

The renewal of sports betting by the Delaware Lottery would require further capital expenditures by the video lottery agents and would require additional employees. The three video lottery facilities estimate that they will spend an aggregate of \$3.8 Million in capital improvements in response to the renewal of sports wagering. Moreover, it is estimated that approximately 166 new jobs will be created, 16 at the Delaware Lottery's central office, 60 each at Delaware Park and Dover Downs and 30 at Harrington.

**V. CONCERNS ABOUT PROBLEM GAMBLING AND THE
POTENTIAL IMPACT OF SPORTS BETTING CONDUCTED
BY THE DELAWARE LOTTERY.**

When the Video Lottery was first considered by the General Assembly, concerns about the potential exacerbation of problem behavior associated with gambling were ever present. The legislation included a variety of features responding to that concern, and a stream of revenue (1% of the State share, or approximately \$1.5 Million last year) was allocated to the Delaware Department of Social Services, Division of Substance Abuse and Mental Health for programs dedicated to assisting those with problem gambling behavior and their families. Since January 1977, data has been collected on a 24-hour helpline operated by the Delaware Council on Gambling Problems. These data indicate consistently that about 70-75% of callers report their primary form of gambling to be video lottery machines. In addition, because of statements to the Committee like those made by Mr. Smith on April 15, 2003 (Exhibit E) and other less formal submissions, the Committee is very aware of a public concern regarding the expansion of the Delaware Lottery to include sports betting.

An informal inquiry was made by Director Lemons to his counterparts in Oregon – the only other state to have a sports betting lottery. Oregon officials reported that the data on the impact of sports wagering on the extent of gambling addiction was sparse. However, Oregon's Problem Gambling Treatment Manager for the Department of Human Services reports that, of the 1319 gambling treatment clients who completed a questionnaire, 18 (1.3%) reported a primary gambling preference for non-Lottery sports betting. Those officials also reported that Oregon plans to introduce a new type of sports game in the fall of 2003.

Beyond this rather sparse data, the Committee received no studies or other materials measuring the effects of sports wagering. Indeed, research on the connection between sports wagering and problem gambling is almost non-existent. The Committee is aware, though, of one study, part of which indicates that sports gamblers may fall into a somewhat higher risk group for subsequent problems than other types of gamblers, such as those who gamble on traditional ticket lotteries, but a lower risk group than those who gamble with video lottery machines.

It is generally accepted that any increase in legalized gambling will also result in an increase in problem gambling. Historically, the General Assembly has had a well-established and enlightened policy of ensuring that any increase in legal gambling opportunities is accompanied with a portion of the proceeds being set aside to fund programs addressing problem gambling. The Committee believes that the current statutory requirement of providing financial resources to those agencies and non-profit organizations that assist Delawareans experiencing problem gambling behavior should continue and those resources should grow to the extent the revenues from the Delaware Lottery, including renewed sports wagering, also grow.